

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees – In-House Meeting

February 12, 2015 – 9:00 a.m.

VSERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2015)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 1, 2016)
Jeff Briggs, VSEA Representative (term expiring September 1, 2016)
Thomas Hango, VSEA Representative (term expiring September 1, 2016)
Paul White, Jr., VSEA Alternate Representative (term expiring September 1, 2015)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2016)
Jay Wisner, Governor's Delegate position
Maribeth Spellman, Commissioner of Human Resources (ex-officio)
James Reardon, Commissioner of Finance & Management (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

none

Also attending:

Laurie Lanphear, Director of Retirement Operations
Joshua McCormick, Assistant to Nancy Dimick
Matt Considine, Director of Investments
Katie Green, Investments Manager
Nick Foss, Investment Analyst
Karl Kroner, Chip Sanville, Valerie Baker, Great West Retirement services
John Piper, Nationwide Insurance
Tim Bryan - Prudential

The Chairperson, Kevin Gaffney, called the February 12, 2015, meeting to order at 9:03 a.m., which was held in the Large Treasurer's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Approve the Minutes of:**

- **January 13, 2015 – conference call**

On motion by Mr. Wisner, seconded by Ms. Pearce, the Board voted unanimously to approve the minutes of January 13, 2015, as submitted.

ITEM 2: **Great West Presentation**

Mr. Kroner spoke to the board about the latest quarter results for the Deferred Compensation plan (10/1/14-12/31/14). He discussed the executive summary, which now has 393.86 million in assets with 8.6 million as investment gains. There has been a 7% growth in assets since 12/31/13. As of 12/31/14, the Pax World Global fund had 36 participants with a total of

\$376,000. Mr. Kroner discussed the average participant balance by age, Roth vs Regular contributions and participants, Contribution History, and Contributions by Asset class. There has been an increase of accounts receiving contributions from 4,127 (12/31/13) to 4,247 (12/31/14). Plan participation has gone up, from 6602 (12/31/13) to 6834 (12/31/14). Mr. Kroner also discussed the internet activity from participants, 10,446 visits in the last quarter.

Mr. Sanville discussed the field activity. In 2014, there were 292 new enrollments that equaled \$804,622 in new contributions. There was \$3,128,720 in Roll-ins for 2014. Mr. Sanville stated that the Chittenden East Supervisory Union now has the 457 plan available to them. There were 1079 calls and 49 walk-ins to the office for the last quarter.

Ms. Baker discussed the performance summary for the various funds. She stated all funds have a morning star rating of above or neutral. The manager of the PIMCO total return left in September. If members wanted to switch to a similar fund, she recommends the Calvert Bond. In October of 2015, the manager for the T. Rowe Price Equity Income fund will be leaving. T. Rowe Price Retirement Balanced Fund had a name change in October; it was formerly Retirement Income Fund.

Ms. Baker left the meeting at this time.

Mr. Kroner and Mr. Sanville then discussed the SDIA plan results for quarter 4 (10/1/14-12/31/14). They discussed the executive summary, asset growth, plan participation, benefit payment distribution, Keytalk statistics, and internet statistics. Out of the 1,504 participants, 1,100 are over 65 years of age. Mr. Kroner and Mr. Sanville answered questions from the board.

Ms. Pearce asked why the investment rate of return is different between the SDIA and 457 plan as they both have the same stable value and have ICMARC. She understands that there might be different fee costs between the two plans but is curious of what makes the difference. Mr. Kroner and Mr. Sanville will do some research on this for the next in-house meeting.

ITEM 3: Discuss/act on disability retirement recommendation for:

- Mary L. Provost

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Mary L. Provost, with no review.

ITEM 4: TRUE-UP update

Mr. Reardon provided a TRUE-UP update to the rest of the board as well as a couple of summary sheets. For VSERS employer Contribution, the FY 2016 Annual Requirement Contribution (ARC) cost is \$46,237,853. The FY 2016 estimate of administrative cost is 40,935,224. After adjustments and using 17.11% as a cost/payroll percent, the FY 2016 salaries are estimated at \$459,335,391. It is a small increase from FY 2015 which was \$441,492,186.

ITEM 5: NCPERS conference

Mr. Briggs expressed his interest for attending the NCPERS conference. He highlighted his reasoning's, purposes, and cost of the conference.

On Motion by Mr. Reardon, seconded by Mr. Wisner, the board voted unanimously to allow Jeff Briggs to attend the NCPERS conference.

ITEM 6: Any other business to be brought before the board

Ms. Pearce gave the board an update on the legislative session. She stated a miscellaneous bill has been presented with proposed changes to it. Ms. Pearce also gave a copy of this to the board. First piece is the proposed change to the Municipal contribution rates. The request is for small increases by both the employee and the employer.

Second, proposed amendments to retirement statutes. The Treasurer's office received a favorable IRS determination letter for VSERS and in good stead providing amendments are made to the following statutes – section 472a(i), 465(b), and 479(f). Ms. Pearce stated that these amendments will have no cost impact on VSERS.

Third, Vista will now be known as AmeriCorps.

Ms. Pearce gave an update on the disability review process. The office has been in talks with the AAG's office to begin to structure a defined resolution/procedure. Currently section statute 462(b) does state that a vocational counselor can be brought in to help a member find gainful employment should the medical board determine the member able to return to work.

Furthermore, the board has the right to reduce pension payments based on new job income. Ms. Pearce stated this is what VSERS has right now but wants to submit a bill to the legislature this session. Talks will continue with the AAG's office.

ITEM 7: Adjournment

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board unanimously voted to adjourn at 11:22 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting, Thursday, March 12, 2015 at 9:00 a.m.

Respectfully submitted,

Nancy Dimick
Secretary to the Board